

Corporate Policy and Strategy Committee

10.00 am, Tuesday, 28 March 2017

Community Empowerment (Scotland) Act 2015: Update following release of Scottish Government Guidance

Item number	7.2
Report number	
Executive/routine	
Wards	Citywide

Executive Summary

The Communities and Neighbourhoods Committee on 24 November 2015, approved a report recommending the introduction of an Interim Community Asset Transfer Policy in anticipation of the enactment of the Community Empowerment (Scotland) Act 2015 ('the Act'). Following the release of Scottish Government guidance on Asset Transfers under the Act, which came into force on 23 January 2017, this report updates members and recommends suggested improvements to the interim policy to allow its adoption as formal policy.

Links

Coalition Pledges	P23 , P36
Council Priorities	CP4
Single Outcome Agreement	SO4

Community Empowerment (Scotland) Act 2015: Update following release of Scottish Government Guidance

1. Recommendations

That Committee:

- 1.1 Notes the Scottish Government guidance for Relevant Authorities;
- 1.2 Refers this report to Council to adopt the principles detailed in the Interim Policy as being the agreed Policy together with the amendments recommended in this report and as detailed in the appendices;
- 1.3 Adopts the Stage 1 (Appendix 4) and Stage 2 (Appendix 5) submission forms appended to this report as the recommended procedure by which to progress Asset Transfer requests in compliance with the Act; and
- 1.4 Notes the actions required by Council officers as detailed in the report to comply with the Act.

2. Background

- 2.1 Part Five of The Community Empowerment (Scotland) Act 2015 ('the Act') which governs Asset Transfer Requests came into force on 23 January 2017. The Scottish Government issued guidance for Relevant Authorities and for Community Transfer Bodies in January 2017 and this report provides an update on matters pertaining to Community Asset Transfers. Both guidance documents can be found here: <http://www.gov.scot/Topics/People/engage/AssetTransfer>
- 2.2 Following the publication of these documents, the Interim Community Asset Transfer Policy has been revisited to ensure that this Council's policy aligns with the guidance. The guidance clarifies procedures, eligibility to apply for Asset Transfers, financial arrangements associated with a transfer, structure and governance of Community groups. It addresses:
 - the preparation and publication of asset lists by Relevant Authorities;
 - the recording of formal Asset Transfer requests which fall within the terms of the Act;
 - the processing and publication of Asset Transfer requests; and
 - the actions required should a Community body fail to meet its objectives or if it is wound up.

3. Policy Statement

- 3.1 This Policy responds to the framework for requests on Community Asset Transfers submitted under the Community Empowerment (Scotland) Act 2015.
- 3.2 The Interim Policy clarified the process by which the Council will manage Asset Transfer requests. This paper reinforces the robust nature of the Interim Policy, making minor amendments and improvements to align the Council Policy with the Act and with Scottish Government's guidance on Community Asset Transfers.
- 3.3 The Policy also provides guidance to community bodies with regard to the processes to be applied in preparing and submitting Community Asset Transfer requests.

4. Main report

- 4.1 Following a review of the Interim Community Asset Transfer policy in conjunction with the guidance, the processes in the Interim Policy remain robust. The Operational Estates Team in Property and Facilities Management has received Asset Transfer requests in advance of the Act coming into force and the Interim Policy has been implemented using the Four Stage process as detailed in the interim policy. Whilst these Asset Transfer requests have yet to progress to the Committee reporting phase at Stage 3, Stages 1 and 2 have been implemented successfully.
- 4.2 The Policy can however be improved upon by adopting terminology which has been used in the guidance. To this end, Stage 1 will be known as a pre-application phase. The formal Asset Transfer process will commence at Stage 2, where detailed and comprehensive information, as prescribed in the Act, is required from the Community body in order for an Asset Transfer request to comply and for it to be deemed a formal request. Once a formal Asset Transfer request has been received, the Relevant Authority is prevented from marketing the property or negotiating a disposal to any other party until the Asset Transfer process has been concluded. It should be noted that where marketing of a property has already commenced or where negotiations are already in progress with other parties, an Asset Transfer request can still be submitted and considered, but not to the exclusion of other existing disposal intentions or negotiations.
- 4.3 Upon receipt of a Stage 2 submission, the Relevant Authority is required to formally acknowledge receipt of the Asset Transfer request and to respond in prescriptive terms to include explanations of timescales for key actions, information on any other requests received for the same property and details of rights of appeal. At this stage the Asset Transfer request must be publicised both on line and at the property, inviting other interested parties to make representation. Following receipt of a valid Stage 2 Asset Transfer request, the Council has six months within which to consider the request, report the matter to Finance and Resources Committee for

deliberation and to issue a notice to the Community Body with its decision. If necessary this timeline can be extended by agreement between the Authority and the Community Body. It is accepted that short time extensions may be required and the guidance encourages Community Bodies to agree to a request for an extension.

- 4.4 It is recommended that the four stage process be amended to clarify the pre-application and formal commencement stages of the Asset Transfer process. The interim policy has been updated and the stages of the process are clarified in the table at Appendix 1.
- 4.5 The assessment scoring matrix remains robust, although some terminology has been amended and incorporated to align terminology with the guidance. The revised matrix is found at Appendix 2.
- 4.6 The overall process as laid out in the Scottish Government guidance is demonstrated by the flow diagram in Appendix 3.
- 4.7 It should be noted that the Relevant Authority can refuse an Asset Transfer request where alternative proposals are deemed to be a better use for the asset and where the Authority has reasonable grounds to refuse the asset transfer request. Some grounds for refusal include requiring the property for existing or alternative Authority uses, or where disposal of the property on the open market is deemed the best option for the asset.

Asset List and Procedural Recording

- 4.8 The Relevant Authority is required to establish, maintain and publish an up to date register of assets which it owns or leases. The list must be updated periodically to account for any changes in ownership or leasehold status to help community bodies identify assets that may be available through asset transfer. This list is to be made available online and is to be advertised on the Council's website with links to the Scottish Government's guidance also being provided.
- 4.9 The Relevant Authority must also maintain a register of Asset Transfer requests. The asset list and register of requests is being maintained by the Operational Estates Team and will be published online, with the register of requests to be published annually at the financial year end in accordance with the Act.

5. Measures of success

- 5.1 The number of pre-application notes of interest (Stage 1 submissions) and subsequent formal Community Asset Transfer requests (Stage 2 submissions) will determine the success of this policy. This will be evidenced by the register of Asset Transfer requests received.
- 5.2 Ultimately, the conclusion of asset transfer requests and numbers of properties transferred by lease or by sale (or by some other arrangement) to Community bodies with the properties being managed by these bodies for their own use on a

sustainable basis will determine the overall success of the Community Empowerment (Scotland) Act 2015.

6. Financial impact

- 6.1 The Act stipulates that Community bodies must state the price that they are prepared to pay for an asset or the rent that they are prepared to offer for a lease. The Act does not define what this figure should be and that figure might not be the Market Value. The amount offered however must comply with Best Value principles and the benefit accruing to the community and to the Council as a result of a transfer is to be borne in mind when considering the price or rental offered. The guidance expects that the majority of valuations will be on the basis of market value however in some situations it may not be appropriate to use the market value.
- 6.2 Receipt of an Asset Transfer request renders an asset temporarily incapable of being marketed for disposal on the open market or to any other party by negotiation, unless that process has already commenced. The Asset Transfer process (and any appeals following thereon) must be allowed to run their course before another form of disposal can be contemplated where a request is made. The timelines afforded to a Community body to subsequently progress an asset transfer mean that the Council will remain responsible for the asset for an extended period. Following receipt of a completed Stage 2 Business Case containing all the required information, the Relevant Authority has up to six months to come to a decision about the request, at which point a decision notice is issued and the Community Body then has at least six months in which to submit its legal offer for the property. The Community Body may submit its offer earlier than the six month window however they must be afforded a minimum of six months in which to prepare their offer. The timelines can be extended by agreement or by application to the Scottish Ministers. The full timescale for disposal of an asset under the Act is therefore considerably longer than for a typical open market transaction, rendering the Council liable for property maintenance and running costs in the interim, together with any associated health and safety risks.
- 6.3 Resources for the implementation of the Policy are proposed to be broadly contained within existing service area budgets. However this may need to be readdressed depending upon the volume of additional work that the Policy generates.

7. Risk, policy, compliance and governance impact

- 7.1 The aspirations of Community bodies can be managed by providing information and guidance via the Council's website. Referral to Advisory Bodies such as the [Community Ownership Support Service](#) and to the Scottish Government's Guidance for Community Transfer Bodies document will also be provided to assist Community bodies.

- 7.2 The protracted disposal process incurs financial and health and safety risks to the Council.
- 7.3 There is a risk that proposed uses prove to be unsustainable in the long term.

8. Equalities impact

- 8.1 An Equalities and Rights Impact Assessment (ERIA) was undertaken for the establishment of the Interim Policy and no specific concerns were highlighted.
- 8.2 The final Policy does not significantly deviate from the Interim Policy and the equalities and rights issues considered for the Interim Policy apply equally to the final Policy.

9. Sustainability impact

- 9.1 Sustainability of proposals is scrutinised at Stage 2 of the Asset Transfer process to ensure that project plans and business cases extend beyond the inception of the project.
- 9.2 The development and implementation of the policy contributes to the delivery of Sustainable Edinburgh 2020 objectives, in particular the advancement of vibrant flourishing communities, social and economic wellbeing and an efficient and effectively managed city.

10. Consultation and engagement

- 10.1 The Scottish Government consulted widely on the implementation of the Act prior to releasing guidance to both Relevant Authorities and Community Transfer Bodies.
- 10.2 The Interim Policy was developed by the Asset Transfer Policy Co-production Steering Group that met on a regular basis between April 2014 and June 2015.
- 10.3 Progressing Community Asset Transfer requests aligns with other work on engagement and empowerment as part of the locality working programme, such as locality improvement plan engagement, participation requests, neighbourhood partnership activity and youth participation.

11. Background reading/external references

- 11.1 [Community Empowerment \(Scotland\) Act 2015: Update and Interim Community Asset Transfer Policy - Report to Communities and Neighbourhoods Committee 24 November 2015](#)
- 11.2 [Community Empowerment \(Scotland\) Act 2015](#)
- 11.3 [Scottish Government Guidance Papers](#)

Hugh Dunn

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12. Links

Coalition Pledges	P23 – Identify unused Council premises to offer on short low-cost lets to small businesses, community groups and other interested parties P36 – Develop improved partnership working across the Capital and with the voluntary sector to build on the “Total Craigroyston” model
Council Priorities	CP4 – Safe and empowered communities
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix 1 – Four Stage Flowchart for considering requests Appendix 2 – Assessment Scoring matrix Appendix 3 – Summary of Asset Transfer process Appendix 4 – Stage 1 Expression of Interest form Appendix 5 – Stage 2 Sustainable Business Case form

Appendix 1: Section 1 – Flowchart for considering requests for transferring a Council building or land

Steps	Elements	Assessors/Decision makers	Timescales
<p><u>PRE-APPLICATION PHASE</u></p> <p>Stage 1: Expression of interest received.</p> <p><i>(The group does not need to be a legal entity.)</i></p>	<p>Presentation of information which:</p> <ul style="list-style-type: none"> • clearly identifies the legal status the applicant – only at stage 1 can applications be received from unconstituted interest groups • assesses strategic fit with the asset and the bidding organisation • says why the asset is needed and what partnership arrangements are needed; • examines the capabilities, skills and objectives of the bidder; • demonstrates potential and realising sound management of the asset. 	<p>This stage focuses upon an informal discussion.</p> <p>Council officials and organisational representatives come together to discuss the business prospects and feasibility.</p> <p>Identify legal hurdles e.g. Common Good, State Aid and/or better long-term leasing opportunities – if leasing, the process below should apply.</p> <p>Financial implications for the Council including consideration of capital receipt/ rent requirements</p>	<p>Minimum of 6 weeks</p>
<p><u>FORMAL ASSET TRANSFER REQUEST PHASE</u></p> <p>Stage 2:</p> <p>If successful at Stage 1, the lead organisation submits a detailed business and sustainability plan.</p>	<p>Provides evidence of:</p> <ul style="list-style-type: none"> • a legal entity with clear governance and operational arrangements; • interface with the Disposal Of Land by Local Authorities (Scotland) 2010 • promoting or improving: economic development; regeneration; public health; social wellbeing; environmental wellbeing, or • reducing inequalities of outcome which result from socio-economic disadvantage • product/service delivery; • partnership working, needs analysis • experience, capacity. risk analysis • projected income/expenditure and cash flow forecasts • community support for the transfer 	<p>Assessment of evidence by a panel – drawn from a range of city interests.</p>	<p>Assessment by panel should be between eight and sixteen weeks</p> <p><i>(However may take longer if complex)</i></p>

<p>Stage 3:</p> <p>If approved at Stage 2 a full assessment and testing of the business case and delivery model is undertaken.</p>	<p>Evaluation of:</p> <ul style="list-style-type: none"> • benefits to the wider community and Council; • comparisons with existing service providers/facilities; • test against local policies/priorities – e.g. Localised approaches, Neighbourhood Partnership Plan; • compliance with National policies/priorities and legislation – such as the Community Empowerment (Scotland) Act 2015, Local Government (Scotland) Act 2003, etc. 	<p>Consultation with Neighbourhood Partnership.</p> <p>Consultation with localised services and service area managers.</p> <p>Investigate legal advice</p> <p>Formal decision by Finance and Resources Committee</p> <p>Written notification of the Council decision</p>	<p>Minimum of 8 weeks</p>
<p>Stage 4</p>	<ol style="list-style-type: none"> 1. If agreed by the Finance and Resources Committee: <ul style="list-style-type: none"> • Agree support plan and finalise legal contracts • Completion of documents 2. If not agreed by the Finance and Resources Committee: <ul style="list-style-type: none"> • Notification is made to the applicant organisation stating the reasons for the decision; • Further work is undertaken to address the Committee's concerns and the Council is notified of any further intent by the applicant organisation. 	<p>Council staff and successful organisation (including legal teams) work closely together to avoid delays</p> <p>Council staff issue the decision of the Committee and are available to further assist if required.</p>	

Appendix 2

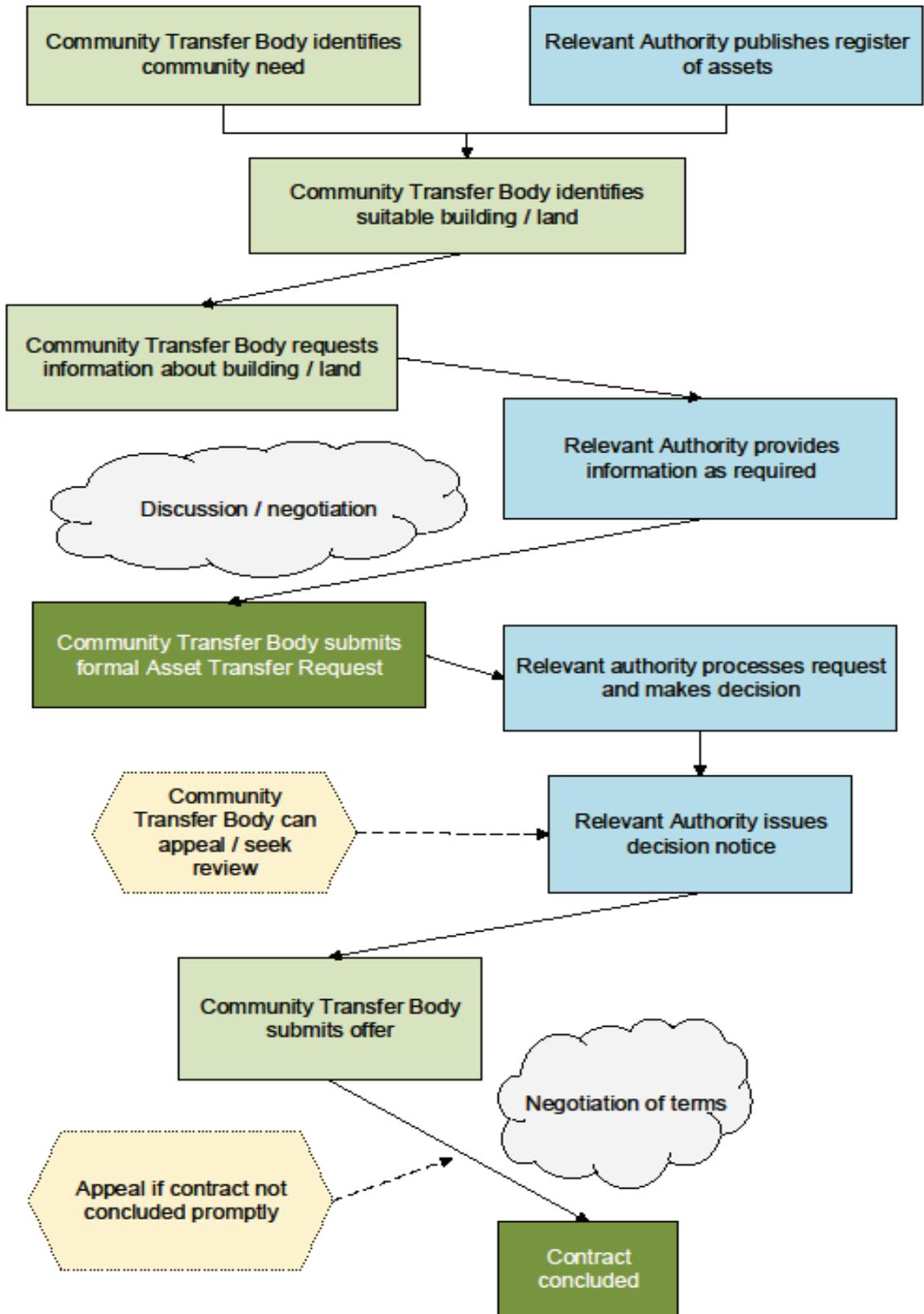
Assessment Scoring Matrix

A scoring matrix will be applied in the assessment of proposals and will consider the proposed use and financial arrangements for the asset.

The following scoring will be applied:

0 = <u>Poor</u> .	Little or no response in regards to the submission with ill defined unrealistic ambitions
1 = <u>Weak</u> .	The submission contains only minor detail and is not based on robust information
2 = <u>Moderate</u> .	The submission provides a level of detail which enables understanding with acceptable projected benefits
3 = <u>Strong</u>	The submission provides sufficient evidence that the issue has been taken into account with sound, sustainable Best Value characteristics
4 = <u>Very Strong</u>	The applicant has included all issues in the submission and has provided additional information which enables detailed understanding with strong and sustainable Best Value characteristics with robust related project benefits

Summary of Asset Transfer process



**City of Edinburgh Council
Application for an Asset Transfer**

**Stage 1 – Expression of Interest Form
Pre-application Process**

Introduction

This form allows your organisation to express an interest in an asset, i.e; a Council-owned building and/or piece of land. This first stage means that the Council will work with you to assess your use of the asset. The information will be used to develop a business case which will be presented to the Council's Finance and Resources Committee for consideration.

This form contains:

- Section 1 - Guidance on the Council's Asset Transfer Policy and for submitting a request at both Stage 1 and Stage 2;
- Section 2 - Sources of free and specialist advice (a fee may be payable for some advice) and support in progressing a detailed business plan;
- Section 3 – Stage 1 Form to detail the wider community benefits, proposed use of the asset, the costs involved and how you intend to maintain ownership and revenue provision over many years. The form can be completed and submitted electronically.

Section 1 - Guidance

Applicants should read the Council's Asset Transfer Policy before completing an initial request (Stage 1 – Expression of Interest Form) and for information relative to a more detailed submission (Stage 2 – Sustainable Business Case).

Question - Why do we need an Expression of Interest Form?

Answer: It is important that community organisations have the opportunity to discuss matters and submit proposals for council assets and that these are assessed at an early stage.

This initial consideration can signal; (i) key issues or matters of substantial concern – potentially preventing further community efforts when there may be good reason not to proceed, or (ii) substantial potential for the asset leading to further work and a Stage 2 submission.

Question – Who will be assessing submissions?

Answer: A Panel will consider Stage 1 and Stage 2 submissions and will make recommendations to Council Committee. The Panel will include Council staff, elected members and third parties and will seek specialist input when required to provide additional evidence. The Panel will provide recommendations to Council Committee

City of Edinburgh Council Application for an Asset Transfer

Stage 1 – Expression of Interest Form Pre-application Process

following receipt of Stage 2 submissions only; these will be for elected member's consideration and the Committee is not bound by the panel's view.

Question –What should be included in the Stage 2 Sustainable Business Case and how should this be presented?

Answer: A detailed Business Case is required to cover a period of years, setting out how you intend to use and finance the asset. The sustainability aspects relate to; (i) how you intend to continue long-term ownership, (ii) arrangements for strong governance and intended operations and financial arrangements for long-term growth, (iii) improving community benefit while (iv) minimising any harmful environmental impacts.

In relation to how your early plans should be presented, it is sometimes helpful to share your initial thinking with someone independent from you and asking them to be a “critical friend” as they are often able to offer an objective view, for example if the answer is: ‘I don't know’, or ‘not sure’, or ‘perhaps’ then further thinking may be required to develop your outline proposals.

Section 2 – Sources of Advice and Support

In examining the use of an asset (for the benefit for the community), it may be helpful for applicants to request specialist help and support. The following organisations* are independent of the Council and could provide additional support if requested. Dependent upon the nature of the request, some of these will be free and some may apply a fee.

- [Community Ownership Support Service](#)
- [Edinburgh Business Gateway](#)
- [Edinburgh Third Sector Interface](#)
- [Community Shares Scotland](#)
- Council and Community Learning and Development services

Sources of further information and reference* are also available, some of which are as follows:

[SME Business Planning Toolkit](#)
[Starting a Social Enterprise – Business Planning](#)
[Business planning – 8 critical success factors](#)

*Other sources of information and advice are available and this should not be interpreted as an endorsement from the Council.

**City of Edinburgh Council
Application for an Asset Transfer**

**Stage 1 – Expression of Interest Form
Pre-application Process**

Section 3 – Completing the Stage 1 Expression of Interest Form

In the form, you are asked to provide; (i) initial details of the asset, (ii) your proposals for use of the asset, (iii) early community support, (iv) how your use of the asset contributes to key city and community plans, and (v) any other details.

NOTE: Applicants are asked to note that the commissioning of a Stage 2 submission does not represent a commitment from the Council to transfer the asset. It merely represents a request to develop a sustainable business proposal.

Finalising your submission and accompanying information

Please ensure that you answer all of the questions asked throughout the form. Any failure to fully respond may delay your request being considered by the Council.

Please also ensure that:

- a) You attach any documents that you think provide additional information to assist with your proposals at this early stage; and
- b) Three people from your organisation sign off the Stage 1 Expression of Interest Form to ensure that the Board of Directors/Management Group is aware of and support the submission.

Please return the Form to:

Property and Facilities Management
G4 Waverley Court
4 East Market Street
Edinburgh
EH8 8BG

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Application for an Asset Transfer**

**Stage 1 – Expression of Interest Form
Pre-application Process**

1 Organisation Name

What type of organisation are you: e.g. charity, social enterprise, cooperative, not formally established

What is the organisation's objectives or core business

2 Contact Details – for enquiries relating to this request

Name	<input type="text"/>	Phone	<input type="text"/>
email	<input type="text"/>		

3 Council Asset(s) – Please identify below the building(s) and/ or land that you are expressing an interest in

4 Using the Asset(s) – Please describe below your proposals for use of the land and/or building and outline the benefits.

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Pre-application Process**

- 5 Maintaining / Developing the Asset(s) – please describe how resources would be obtained to maintain and/or develop the building/land

- 6 Previous Discussions - If there have already been any discussions about your ideas for using the asset with the wider community or Council officials please provide details

Who	When	Any agreed outcome(s)

- 7 Supporting Priorities - Please indicate how your proposals will help to deliver the city, Council and neighbourhood partnership priorities (should support all three in some way)

City priorities [[Edinburgh Community Plan 2015-18](#)]

Insert the outcomes that would be achieved

Council priorities [[City of Edinburgh Council Business Plan 2016-20](#)]

Insert the outcomes that would be achieved

Local priorities [[Neighbourhood Partnerships Development Plans 2014-17](#)]
also e.g. Leith Town Centre Plan

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**Stage 1 – Expression of Interest Form
Pre-application Process**

Insert the outcomes that would be achieved
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- 8 Please add below any other information that you would want to provide in support of your request.

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Signing Off

Please get the following to sign-off your application*:	
	Signature
Chairperson of your organisation NAME: DATE:	
Senior Director/Committee Member NAME/POSITION: DATE:	
Name of person submitting the application: NAME/POSITION: DATE:	

* Signatories: In signing the above you have assessed that the information contained within the application form is accurate at the time of submission. Should the Asset Transfer request be successful, conditions of transfer will be the subject of separate legal agreement(s) with the Council.

City of Edinburgh Council Application for an Asset Transfer

Stage 2 – Sustainable Business Case

Introduction

Following assessment of a Stage 1 Expression of Interest by a Panel, your organisation may be invited to progress your proposals, setting out in further detail the wider community benefits, provision of services and financial aspects of your proposals that could enable the transfer of the land and/or building currently owned by the City of Edinburgh Council.

This form provides for the following:

- Section 1 - Guidance on the Council's Asset Transfer Policy and on submitting a request at Stage 2;
- Section 2 - Sources of free and specialist (with a fee) advice and support in progressing a detailed capability and financial plan;
- Section 3 – Completing the Stage 2 Form. This addresses the wider community benefits, proposed provision of services, the costs involved and how you intend to maintain ownership and revenue provision over many years. (The form can be completed and submitted electronically).

Section 1 - Guidance

You should read the [Scottish Government Guidance for Community Transfer Bodies](#) to ensure that you have included all the information required for this submission to comply as an Asset Transfer request. Specific timescales for submissions apply and you should make yourself familiar with these.

Applicants should also read the Council's Asset Transfer Policy prior to completing an initial request (Stage 1 – Expression of Interest Form) or the more detailed Stage 2 – Sustainable Business Case.

Question - Why do we need to set out our detailed proposals at Stage 2 for using the asset and how the project is to be funded?

Answer: Your application will be considered by the Council's Finance and Resources Committee. The Committee needs to know that the proposals contain a number of key factors, for example;

- Is there evidence of strong community support for your proposals for use of the asset and any related impacts taken into account?
- Is there a considered analysis of the market for the use of the asset as this lets Committee know that other services/provision has been examined within the local area and across the City?
- Have the financial aspects of acquiring and using the asset been thoroughly examined to ensure that any risk is minimised and that the prospect of returning to the Council for assistance or for requests for funding is minimal?

City of Edinburgh Council Application for an Asset Transfer

Stage 2 – Sustainable Business Case

Question – What is a Sustainable Business Case, what should be included and how should this be presented?

Answer: A detailed Business Case is required to cover a period of years, setting out how you intend to use and finance the asset.

The sustainability aspects relate to; (i) how you intend to continue long-term ownership, (ii) arrangements for strong governance and intended operations including financial arrangements for long-term growth, (iii) improving community benefit and (iv) minimising any harmful environmental impacts.

In relation to how your plans should be presented, this is a matter for you to decide, so long as your Stage 2 Business Case provides the level of detail required.

Question - What can be included within a sustainable business plan?

Answer: The following is provided for additional guidance only and is not comprehensive because plans for the use of an asset will be different in each case. You may wish to consider some of these elements within your plan which will help make use of the asset a success.

Part A

Market and operational environment:

- strategic fit between the business objectives of the community body and the proposed use of the asset;
- impact of taking on the asset based upon current and future capacity and capability;
- the skills of the community body that will enable sound management and productive use of the asset;
- the strength of partnership to take on and make the asset a success, in particular clear identification of the community benefits arising from the transfer of the asset;
- current capacity and what partnership arrangements exist to enhance the prospects for medium and long-term success of the use of the asset;
- is there a clear business growth plan and marketing plan in place in order to maximise the use and income generation prospects;
- why the asset is needed and its intended use - aligned to local policy, strategy and community needs;
- define the economic, social and environmental benefits of the use of the asset and the advantages in this regard of the proposal;
- demonstrate engagement with the wider community in order to ascertain usage and success of the proposal;
- management of risk, accounting for unforeseen circumstances and avoiding putting at risk the core organisation/partners;
- information on the strength of commitments by interested parties;
- the most advantageous delivery model and governance structure to manage the asset during/post transfer.

City of Edinburgh Council Application for an Asset Transfer

Stage 2 – Sustainable Business Case

Part B

Financial management - Budget and income, provides evidence of:

- revenue costs are known and plans take these into account;
- repairs and other improvements to the asset are taken into account to reflect the business proposition;
- projected income/expenditure plan for at least five years to identify a range of sustainable income streams;
- financial risks to both the asset and applicant organisation;
- projected utilisation and cash flow forecasts;
- market analysis and mitigation of financial risk for partners and the wider community;
- available funds to invest in the asset.

Section 2 – Sources of Advice and Support

In examining the use of an asset for the benefit for the community it may be helpful for you to request specialist help and support. The following organisations* are independent of the Council and can provide additional support if requested. Dependent upon the nature of the request, some of these will be free and some may apply a fee.

- [Development Trust Association Scotland](#)
- [Edinburgh Business Gateway](#)
- [Edinburgh Third Sector Interface](#)
- [Community Shares Scotland](#)

Also,

- Council and the Community Learning and Development Service

*Other support agencies are available and this should not be interpreted as an endorsement from the Council.

Sources of further information and reference* are also available, some of which are as follows:

[SME Business Planning Toolkit](#)
[Starting a Social Enterprise – Business Planning](#)
[Business planning – 8 critical success factors](#)

*Other sources of information and advice are available and should not be interpreted as an endorsement from the Council.

**City of Edinburgh Council
Application for an Asset Transfer**

Stage 2 – Sustainable Business Case

Section 3 – Completing the Stage 2 Sustainable Business Case Form

Assessment Scoring

Question: How will Stage 2 submissions be assessed?

Answer: A scoring matrix will be applied in the assessment of proposals and these will consider the proposed use and financial provisions made for the asset.

The following scoring will apply:

<u>Score</u>	<u>Criteria</u>
0 = Poor	Little or no response in regards to the submission with ill defined unrealistic ambitions
1 = Weak	The submission contains only minor detail and is not based on robust information
2 = Moderate	The submission provides a level of detail which enables understanding with acceptable projected benefits
3 = Strong	The submission provides sufficient evidence that the issue has been taken into account with sound, sustainable Best Value characteristics
4 = Very Strong	The applicant has included all the issues in the submission and has provided additional information which enables detailed understanding with strong and sustainable Best Value characteristics with robust related project benefits

Assessing Equality and Rights and Sustainability Impacts

The Council under the Equality Act 2010 and the Climate Change (Scotland) Act 2009 with the related Public Sector Duties is required to assess whether there are any detrimental impacts potentially arising within asset transfer proposals and to identify how these can or should be mitigated. Council officers will assist you in the development of these assessments which are used by the Council in the decision making process. Questions are included within the application form (see part C).

Completing the Stage 2 Form

The key questions in the form below are designed to tell Committee about the governance of your organisation, your detailed plans for the asset, support from the local community and other interested parties, financial plans, current relationship with the Council and other information. Information contained within the application will however be shared with those involved within the decision-making process and data protection and commercial confidentiality arrangements will apply on such occasions.

City of Edinburgh Council Application for an Asset Transfer

Stage 2 – Sustainable Business Case

The Stage 2 Form contains sections for (i) information on the key elements of the Business Case, (ii) information on how the asset relates to Council policy outcomes and/or key public strategies in Edinburgh and (iii) any additional information. Please ensure that if you have a separate Business Case that you attach it to your Stage 2 Form as this will avoid the need for any delays in the assessment of your submission.

Please note that:

- Council officers may require a number of follow-up meetings to discuss your proposals. This is with the aim of better understanding your intentions.
- The minimum timelines, whilst set out in the policy, may be extended for particularly complex submissions, for the briefing of community members and other interested parties including local elected members, or where there is a delay in submitting additional information beyond the control of those involved.

Finalising your submission and accompanying information

Please ensure that you answer all of the questions asked throughout the form. Failure to fully respond may delay your request being considered by the Council.

Please also ensure that:

- a) You attach the required documents as identified at the end of the form,
- b) Three people from your organisation sign off the application. This is to ensure that the Board of Directors/Management Group are aware of and support the submission.

Please return the form to:

Property and Facilities Management
G4 Waverley Court
4 East Market Street
Edinburgh
EH8 8BG

**City of Edinburgh Council
Application for an Asset Transfer**

Stage 2 – Sustainable Business Case

**APPLICATION FOR THE TRANSFER OF AN ASSET
CURRENTLY OWNED BY THE CITY OF EDINBURGH COUNCIL**

Request to the Council

	Is this application being made under Part 5 of the Community Empowerment (Scotland) Act 2015?	NO	YES
1.	<p>Are you requesting the transfer of a building that is owned or leased by the City of Edinburgh Council YES/NO (Please delete as necessary)</p>		
	<p>Are you requesting the transfer of a piece of land that is owned or leased by the City of Edinburgh Council YES/NO (Please delete as necessary)</p>		
2	<p>Please identify the building and/or piece of land that is the subject of your request: NAME: ADDRESS: POSTCODE: MAP REFERENCE: (please attach a map indicating the location of the building/land – this is in order that all parties are clear on the nature of the request)</p>		
2a	<p>Please state whether this is an application to purchase or to lease the property or if the request is for other rights to use the property:</p>		
2b	<p>VALUE Have you sought an independent financial assessment of the value for the building/land? If so please identify the source and the estimated value (Note: because your request concerns a public asset, references to the source(s) and value(s) may be referenced in reports to council committee(s) in reference to your submission:</p>		
	Source:	Estimated value (£)	

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3	Please detail below the nature of the request to the Council (please complete one section only):	
3a	Total transfer by sale or lease of the building/land identified in Section 2 above: : YES/NO (Please delete as necessary)	
3b	Gradual transfer by sale or lease of the building/land identified in Section 2 above: YES/NO (Please delete as necessary)	
3c	A transfer of just a part of a larger building or part of a larger area of land: YES/NO (Please delete as necessary)	
3d	If the request is for other property rights (ie not a sale or a lease) to make use of a property please specify the nature and extent of the rights sought:	
4	Please indicate below the purchase price, rental or other payment being offered for the asset (please complete one section only)	
4a	Where a purchase is being requested please state the price that you are prepared to pay for the building/land that you have identified in Section 2 above: £	
4b	Where a lease is being requested please specify: (i) The annual rent that you are prepared to pay: (ii) The duration of the lease requested: (iii) Any other special lease terms required:	
4c	Where another form of occupancy (not a sale or lease) is being requested please state the price that you are prepared to offer for such rights to use the property:	
5	Please summarise below the reasons for making the Asset Transfer request, any special terms and conditions applicable to the request, how you intend to use the Council building/land and any related timescales:	
6	Date of Submission to the Council:	

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PART A – About your organisation

A1.1	Organisation Name, Location and geographic areas of current operation:		
A1.2	Organisation postal address:		
A1.3	Organisation Contact details for this request:		
	Name		
	E-mail		Tel. Number
A1.4	Organisational Governance – State the type of organisation you are, for example a registered charity or a registered company. If your agency is not a registered charity or company, please state if you have a Constitution / Statement of Aims / Memorandum and Articles (relevant documents must be supplied on request)		
A1.5	OSCR Registration Number (if your organisation is a charity registered in the UK and/or Scotland):		
A1.6	Companies House Registration Number if applicable		

PART B – Your proposal for use of the asset

In summary, please answer the following questions relating to your proposal (please ensure that you attach your full Business Plans as this will provide further detail)

NOTE: the term ‘the asset or asset’ means the Council-owned asset which is the focus of your submission

	Assessment of the operational and market environment

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B1	Please summarise below any history that your organisation has for; (i) delivering good quality services, (ii) meeting the needs of your community and (ii) enabling sustainable growth of your organisation?
	Answer:
B2	Is there a strong business-fit between the core objectives of your organisation and the proposed use of the asset?
	Answer:
B3	How will your organisation's current operational capacity and financial turnover be affected by taking forward your proposals for the asset?
	Answer:
B4	Please evidence below, the strength of leadership and skills of the Board and staff of your organisation to maximise the prospects of the asset? If the skills are not currently in place, please describe how you intend to address this.
	Answer:
B5	Please detail how you intend to evidence long-term community benefit arising as a result of the proposed asset transfer?
	Answer:
B6	
	Answer:
B7	Please summarise below the partners involved in your proposal, describing the current and future strength of partnership work in the context of the submission and if so, is this influencing the operational arrangements for the asset?
	Answer:
B8	Please describe the governance arrangements which will oversee the

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	operations of the asset. If this is to be separate to arrangements for your organisation, please provide further description and include diagrams if necessary. Please also describe how accountability for the asset will be provided for.
	Answer:
B9	Please evidence how you know that your proposals for the use of the asset are supported by and meet the needs of the wider community and City. You should describe the level and nature of support for the request from the community.
	Answer:
B10	Where applicable, please detail how your proposals for use of the asset will enhance the existing use of the building/land
	Answer:
B11	Please outline how your proposals take account of the influence of local and city market forces and (i) if so are there plans in place to ensure that your proposals for the use of the asset are competitive in order to sustain the asset, (ii) if not please explain why.
	Answer:
B12	If suitable, is there marketing and development plan in place for the asset for the next five years? If so, please provide further details in relation to your approach
	Answer:
B13	Please detail evidence of support from the appropriate <u>Neighbourhood Partnership</u>, Councillors, other community leaders and other relevant interests?
	Answer:

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B14	Are there any objections to your proposals for the asset that you are aware of? If yes please detail these and how your organizations is dealing with these, if no then please detail how you would handle any concerns should these develop in the future.
	Answer:

	Financial Management
B15	In relation to your plans for the asset, is the proposed income dependent upon; (i) a single income source, (ii) a dominant income source or (iii) multiple, but inter-dependent sources of income? Please detail below.
	Answer:
B16	In relation to your plans for the asset, are the sources of income sustainable, i.e.; likely to persist over the next few years, or are short-term, or will there be a need for subsidy from another source for example the parent organisation or public funds?
	Answer:
B17	In relation to your plans for the asset, please evidence any trading and other efforts to generate income. Please include any anticipation of bidding for public sector grants/contracts or other funding?
	Answer:
B18	Please describe below the financial relationship between your organisation and your plans for use of the asset. Please include details about implications that there may be for your organization and the asset and how you will manage any risks identified.
	Answer:

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B19	Has your organisation ever been investigated on the basis of poor financial management or failure to demonstrate good organisational governance?
	Answer:
B20	Does your organisation currently have operational capital, if yes is this being applied as part of the request, if no, will the proposed asset provide for a financial asset or liability?
	Answer:
B21	Is the request for asset transfer being made in order to add to an existing property asset portfolio for the purposes of continued trading?
	Answer:
B22	Please indicate with an example where the financial aspects of your proposal have been successfully applied elsewhere?
	Answer:
B23	Please identify if; (i) your proposals for impacts upon the finances of your organisation and (ii) plans for mitigation if negative issues arise concerning cash-flow, liquidity or financial capacity issues that may impact upon the request?
	Answer:
B24	How do you intend to continue to operate should any income related to the proposed building/land not be generated as planned? Have you plans for alternative forms of income and/or alternative business model should income streams not continue?
	Answer:

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B25	What are your plans for the proposed asset should your organisation incur operational difficulties or cease to trade?
	Answer:
B26	How have you factored in the impact of the total ‘on-costs’ for the asset for your organisation, i.e. repair, maintenance, insurance, energy requirements?
	Answer:
B27	Please summarise below how you have factored in the following in regards to your proposals for use of the asset; market awareness, sales and other income generation opportunities.
	Answer:

PART C - Sustainability Impacts

C1	In considering your proposals it is important that the impacts of proposals for use of the asset on the City’s economy, community-wellbeing and environment are identified.
	Please detail below the impacts upon the following:
C2	Please detail below what you think are the benefits to the Edinburgh economy, please outline both positive and negative benefits that you think may occur:
	Answer:
C3	Please detail below what you think are the benefits to the community outlining both positive and negative benefits that you think may occur: for example; what the impacts on the local community will be:

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	Answer:
C4	Please detail below what you think are the benefits to the City environment – please outline both positive and negative benefits that you think may occur:
	Answer:

PART D – Summary Budget Information

D1	If appropriate, please summarise the budget arrangements for the requested building/land:		
		Income	Expenditure

PART E - Other Issues relating to your request

Current financial and other support from the City of Edinburgh Council

E1	Please identify below any investment that your organisation currently receives from the Council:		
		£sum	Purpose
E2	Please identify below any investment that your organisation has attracted from the Council in regards to the proposed transfer of the building/land identified in item 2 above:		
		£sum	Purpose

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E3	Please identify below any investment in kind that your organisation currently receives from the Council in regards to the proposed transfer of the building/land identified in item 2 above:		
		£sum or equivalent value	Purpose
E4	If receiving investment or other financial support as above, is it anticipated that this will continue for the future and be of benefit in regards to your proposals for the building/land?		

Added Social Value

E4	Please summarise below any additional social added value that your proposals may generate (for example; this may include volunteering, new services, improved trading or other initiatives)	<i>Please identify any equivalent social added value (£m)</i>	

Submission Checklist

	Please check that you have included the following as part of the accompanying information to your stage 2 submission:		
		Yes	No
	Full Business Plan (including financial plans) for the use of the Council-owned building or land		
	Most recent Full Year Accounts for your organisation		
	Articles of Association/ Constitution/Governance Document for your organisation		
	Supporting material from community members or other interests		
	Have you read the Council Policy on Asset Transfers?		
	Have you read the Guidance for completing the application?		
	Have you read the Scottish Government Guidance for Community Transfer Bodies?		
	Are you able to prepare public briefing material on your		

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	proposal and present at committee		
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Signing Off

	Please get the following to sign-off your application*:	
		Signature
	Chairperson of your organisation	
	NAME:	
	DATE:	
	Senior Director/Committee Member	
	NAME/POSITION:	
	DATE:	
	Name of person submitting the application:	
	NAME/POSITION:	
	DATE:	

* Signatories in signing the above assess that the information contained within the application form is accurate at the time of submission. In addition, should their request be successful, conditions of transfer will be the subject of separate legal agreement(s) with the Council.